



United States
Department of
Agriculture

Food and
Nutrition
Service

Mountain
Plains
Region

1244 Speer Boulevard
Denver, CO
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JAN 18 2003

Reply to
Attn of:

SP-03-21

Subject:

Upward Adjustment of Reimbursement Claims in the School Breakfast Program to Pay
Severe Need Breakfast Rates

To:

STATE AGENCY DIRECTORS - Colorado ED, Iowa, Kansas, Missouri ED,
(Special Nutrition Programs) Montana OPI, Nebraska, North Dakota,
South Dakota, Utah and Wyoming

This guidance addresses State agency (SA) handling of upward adjustments to claims for reimbursement in the School Breakfast Program (SBP) when adjustments are made solely in order to pay the higher severe need reimbursement rates.

Under the "severe need" provision of 7 CFR 220.9 (d) an eligible school must demonstrate that its costs for producing free and reduced price breakfasts, calculated for the entire school year, are high enough to justify receiving the higher severe need rates. However, throughout the school year, a SA may choose to pay reimbursement for these breakfasts at the regular rates, or at the severe need rates, as long as it reconciles the total reimbursement payments with the total costs, at the end of the year.

If the SA has paid reimbursement claims to a severe need school using the regular free and reduced price rates during all or part of the year, and later finds it must adjust those claims to pay the higher severe need rates, such adjustments are not subject to the policies on payment of amended reimbursement claims that are stated in the guidance document "60/90 Day Reporting for Child Nutrition Programs" ("60/90"). As confirmed by our National Office, the "60/90" guidance on the payment of adjusted claims applies only to adjustments made to the number of meals claimed, by category and by Program. Adjustments to the per-meal rates at which meals were previously reimbursed are to be made by the SA at any point in the year when such adjustment is determined to be correct, and does not require the submission of adjusted claims by the school food authority in question, or compliance with the "60/90" guidance on the handling of adjusted claims.

State Agency Directors

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If you have any questions, please contact our office at (303) 844-0355.



DARLENE SANCHEZ

Regional Director

Special Nutrition Programs

